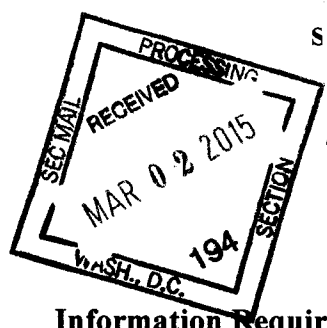


FPB 3/12/15



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MISSION



OMB APPROVAL	
OMB Number:	3235-0123
Expires:	March 31, 2016
Estimated average burden hours per response.....	12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 33753

**FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/14 AND ENDING 12/31/14
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: First New York Securities LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

90 Park Avenue, 5th Floor

OFFICIAL USE ONLY
<u>FIRM I.D. NO.</u>

(No. and Street)

New York

NY

10016

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Donna Errigo

212-848-0740

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

EisnerAmper LLP

(Name - if individual, state last, first, middle name)

750 Third Avenue

New York

NY

10017

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

FPB 3/13/15

OATH OR AFFIRMATION

I, Donna Errigo, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First New York Securities LLC, as of December 31, 20 14, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

MAUREEN A. MCLOUGHLIN
NOTARY PUBLIC, STATE OF NEW YORK
NO. 01MC4985096
QUALIFIED IN QUEENS COUNTY
CERTIFICATE FILED IN NEW YORK COUNTY
COMMISSION EXPIRES AUG. 5, 2017

Donna Errigo
Signature

CFO

Title

Maureen A. McLaughlin
Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FIRST NEW YORK SECURITIES L.L.C. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2014

First New York Securities L.L.C. and Subsidiaries

December 31, 2014

Contents

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Consolidated Financial Statement

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Managers
First New York Securities, L.L.C.

We have audited the accompanying consolidated statement of financial condition of First New York Securities, L.L.C. and Subsidiaries (the "Company"), a wholly owned subsidiary of FNY Partners Fund, LP as of December 31, 2014. This consolidated financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this consolidated financial statement based on our audit. We did not audit the statement of financial condition of Infinity Capital Markets Limited, a wholly-owned subsidiary (the "Component Entity"), which statement reflects equity constituting 9% of the consolidated members' equity at December 31, 2014. The financial statement of Infinity Capital Markets Limited, which were prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), was audited by other auditors, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statement of the Component Entity which conform the financial statement to accounting principles general accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for the Component Entity prior to these conversion adjustments, is based solely on the report of the other auditors.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the consolidated statement of financial condition referred to above presents fairly, in all material respects, the consolidated financial position of First New York Securities, L.L.C. and Subsidiaries as of December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.



New York, New York
February 26, 2015

FIRST NEW YORK SECURITIES L.L.C. AND SUBSIDIARIES**Consolidated Statement of Financial Condition
December 31, 2014****Assets**

Cash	\$	2,368,220
Receivable from clearing brokers		94,435,655
Securities owned, at fair value		223,820,136
Secured demand notes (fair value of collateral \$2,845,664)		2,600,000
Furniture, equipment, and leasehold improvements, less accumulated depreciation and amortization of \$11,929,133		1,274,072
Receivable from Parent Company		39,990,048
Receivable from affiliated entity		270,970
Other assets		4,341,417
Total assets	\$	369,100,518

Liabilities and Members' Equity**Liabilities:**

Securities sold, not yet purchased, at fair value	\$	196,537,990
Payable to clearing brokers		1,876,256
Payable to affiliated entity		199,100
Accrued expenses and other liabilities		20,941,981
Total liabilities		219,555,327

Commitments and Contingencies

Subordinated borrowings		28,600,000
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Members' equity:

First New York Securities L.L.C. members' equity		120,885,190
Noncontrolling interest		60,001
Total members' equity		120,945,191
Total liabilities and members' equity	\$	369,100,518

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

1. Organization and Description of Business

First New York Securities L.L.C. (“FNYS”), a Delaware limited liability company, is a broker-dealer in securities registered with the Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). It was organized in July 1995 as the successor to the business of First New York Securities Co.

FNYS is a wholly owned subsidiary of FNY Partners Fund LP (the “Parent Company”). FNYS’ wholly or majority owned subsidiaries include FNY Managed Accounts, L.L.C., Infinity Capital Markets Limited (“ICM”), and FNY Technologies, LLC (“FNYT”) (collectively, the “Company”). ICM was formed under the applicable law of the United Kingdom. FNYS and its subsidiaries are primarily engaged in the proprietary trading of securities and acts as introducing brokers.

2. Significant Accounting Policies

Basis of Presentation: The Company’s consolidated statement of financial condition has been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and is stated in U.S. dollars. The preparation of the consolidated statement of financial condition in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of consolidated assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statement. Actual results could differ from those estimates.

Consolidation: The consolidated financial statement includes the accounts of FNYS and all of its wholly or majority owned subsidiaries. All significant intercompany account balances and transactions have been eliminated in consolidation.

Noncontrolling interest: Noncontrolling interest represents the equity ownership in FNYT not attributable to FNYS.

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

Revenue Recognition Policies: Principal security transactions are recorded on the trade date, and related revenue and expenses are included in net gain from principal transactions. Dividend income and expense are accrued on the ex-dividend date. Interest income and expense are recorded on the accrual basis.

Cash: The Company maintains cash balances in bank accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. In the event of a financial institution's insolvency, recovery of cash may be limited.

Receivable from and Payable to Clearing Brokers: Receivable from and payable to clearing brokers represent net cash and margin collateral balances, net amounts receivable or payable for securities transactions that have not settled and the fair value of all derivatives (excluding equity and future options) with the Company's clearing brokers at December 31, 2014. Investments and other amounts due from brokers serve as collateral for the amounts due to brokers.

Valuation: The Company carries its investments at fair value. Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures* ("ASC 820") defines fair value as an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or a liability as of the measurement date. The three levels are defined as follows:

Level 1 – Inputs are observable and reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. The Company's exchange traded equities, NASDAQ equities, OTC Bulletin Board equities, Pink Sheet equities, exchange-traded options and exchange-traded futures are categorized in Level 1 of the fair value hierarchy. Actively traded equities are valued at the last reported sales prices on the primary securities exchange on the date of determination. Options are valued at the mean between the last "bid" and "ask" prices. Exchange traded futures are valued at quoted close market prices.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly and reasonably available in active markets. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are derived principally from or corroborated by observable market data from sources independent of the Company. The Company's equity swaps, currency forward

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

contracts, and corporate bonds are categorized in Level 2 of the fair value hierarchy. Corporate bonds are valued based on prices provided by independent pricing services, collaborated with observable trade execution data. Equity swaps are fair valued at open trade equity representing unrealized gain or loss on the contracts as measured by the difference between the market value of the underlying securities and the contract value of the contracts. Currency forward contracts are valued at fair value representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

An asset's or liability's categorization within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. The Company uses judgment in determining fair value of assets and liabilities and Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities. For securities that are not traded in active markets or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability and such adjustments are generally based on available market information. In the absence of such evidence, management's best estimate is used.

Fair Value of Other Financial Instruments: The carrying amounts reported on the consolidated statement of financial condition approximate fair value based on the short-term maturity and the daily pricing mechanisms for these instruments. Other assets and liabilities with short and intermediate-term maturities and defined settlement amounts, including receivables, payables, and accrued liabilities are reported at their contractual amounts, which approximate fair value.

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

Financial Derivatives: Derivative financial instruments used for trading purposes, including economic hedges of trading instruments, are carried at fair value. The Company does not apply hedge accounting, as all financial instruments are recorded at fair value. The fair value of equity options are recorded in securities owned or securities sold, not yet purchased on the consolidated statement of financial condition. Open trade equity in swaps, forwards, and futures transactions are recorded as receivable from or payable to clearing brokers on the consolidated statement of financial condition.

Foreign Currency Translation: The Company's foreign denominated assets and liabilities are translated at month-end spot rates.

Furniture, Equipment and Leasehold Improvements: Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets (generally three to ten years). Information technology assets are amortized using a straight line method over 5 years. Leasehold improvements are amortized using a straight line method over the term of the related leases or the estimated useful lives of the assets, whichever is shorter. The Company's net balance on the consolidated statement of financial condition at December 31, 2014 is comprised of \$613,273 in furniture and equipment, \$267,383 in leasehold improvements, and \$393,415 in information technology assets.

Intangible Assets: Intangible assets are amortized on a straight line basis over their estimated useful lives, where the useful life is the period over which the asset is expected to contribute directly, or indirectly, to the Company's future cash flows. Intangible assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying value amounted to \$2,687,500 at December 31, 2014, which is included in other assets on the consolidated statement of financial condition.

Income Taxes: FNYS, as a single member limited liability company, is not subject to federal or state income taxes. Its taxable income is reported on the member's individual income tax returns in accordance with the laws of the applicable jurisdictions.

The Company has business operations in New York City and is subject to the New York City Unincorporated Business Tax ("UBT") and a subsidiary of the Company is subject to United Kingdom ("UK") income tax. There was no UBT for 2014 as the related business generated losses for the year. There was no UK income tax for 2014 due to the loss carryforward from previous years.

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

Management is responsible for determining whether a tax position taken by the Company is more likely than not to be sustained on the merits. The Company has no material unrecognized tax benefits and has not recognized in the consolidated financial statement any interest or penalties related to income taxes for the year ended December 31, 2014. The Company is no longer subject to U.S. federal, or state income tax examinations by tax authorities for years before 2011 and is no longer subject to local income tax examinations for years before 2009.

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

3. Fair Value of Investments

The following are the Company's fair value assets and liabilities by level within the fair value hierarchy and information about derivative financial instruments and related collateral amounts subject to enforceable master netting and/or similar arrangements at December 31, 2014:

Assets at Fair Value as of December 31, 2014				
	Level 1	Level 2	Level 3	Total
Securities owned				
Equity securities	\$ 216,014,781	\$ -	\$ -	\$ 216,014,781
Corporate bonds	-	2,992,518	-	2,992,518
Equity options	4,812,837	-	-	4,812,837
Total securities owned	\$ 220,827,618	\$ 2,992,518	\$ -	\$ 223,820,136

Liabilities at Fair Value as of December 31, 2014				
	Level 1	Level 2	Level 3	Total
Securities sold, not yet purchased				
Equity securities	\$ 195,547,262	\$ -	\$ -	\$ 195,547,262
Equity options	990,728	-	-	990,728
Total Securities sold, not yet purchased	\$ 196,537,990	\$ -	\$ -	\$ 196,537,990

Assets at Fair Value as of December 31, 2014						
	Gross Amount			Gross amount offset in the consolidated statement of financial condition	Net amount included in receivable from clearing brokers	Net amount included in payable to clearing brokers
	Level 1	Level 2	Level 3			
Derivative assets						
Futures	\$ 11,226	\$ -	\$ -	\$ (11,226)	\$ -	\$ -
Currency forwards	-	78,031	-	(34,079)	43,952	-
Equity swaps	-	53,856	-	(53,856)	-	-
Total derivative assets	\$ 11,226	\$ 131,887	\$ -	\$ (99,161)	\$ 43,952	\$ -

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

Liabilities at Fair Value as of December 31, 2014						
	Gross Amount			Gross amount offset in the consolidated statement of financial condition	Net amount included in receivable from clearing brokers	Net amount included in payable to clearing brokers
	Level 1	Level 2	Level 3			
Derivative liabilities						
Futures	\$ 2,922	\$ -	\$ -	\$ (2,922)	\$ -	\$ -
Currency forwards	-	37,494	-	(34,079)	3,415	-
Equity swaps	-	77,172	-	(62,160)	15,012	-
Total derivative liabilities	2,922	114,666	-	(99,161)	18,427	-

There were no transfers between levels during the year ended December 31, 2014.

4. Financial Instruments and Risk

In the normal course of its business, the Company trades various financial instruments and enters into various financial transactions where the risk of potential loss due to market risk, currency risk, interest rate risk, credit risk and other risks can equal or exceed the related amounts recorded.

Market risk represents the potential loss that can be caused by increases or decreases in the fair value of investments resulting from market fluctuations.

Currency risk is the risk that the fair value of an investment will fluctuate because of changes in foreign exchange rates. Investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Interest rate risk is the risk that the fair value of future cash flows of fixed income or rate sensitive investments will increase or decrease because of changes in interest rates. Generally the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the fair value of fixed income securities tends to decrease. Conversely, as interest rates fall, the fair value of fixed income securities tends to increase. This risk is generally greater for long-term securities than for short-term securities.

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

The Company invests a portion of its assets in securities of non-U.S. issuers and in other financial instruments denominated in various currencies. In addition, in order to hedge foreign currency exchange rate risks which may arise from the purchase of such securities or other reasons incidental to the Company's business, the Company may invest in foreign currencies and foreign currency-related products. These types of investments entail risks in addition to those involved in investments in securities of domestic issuers. Investing in non-U.S. securities may represent a greater degree of risk than investing in U.S. securities. Non-U.S. securities also may be less liquid and more volatile than U.S. securities and may involve higher transaction and custodial costs. In addition, hedging foreign currency exchange rate risk entails additional risk since there may be an imperfect correlation between the Company's holdings of securities denominated in a particular currency and the Company's portfolio holdings of currencies and foreign currency related products purchased by the Company to hedge any exchange rate risk.

The Company has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the consolidated financial statement at December 31, 2014, at the fair value of the related securities and will incur a loss if the fair value of the securities increases subsequent to December 31, 2014. There is the risk that the securities borrowed by the Company in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Company might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

The Company enters into various transactions involving derivatives and other off-balance-sheet financial instruments. These financial instruments include futures, currency forward contracts, exchange-traded and over-the-counter options, delayed deliveries, securities purchased and sold on a when-issued basis (when-issued securities), and equity swaps. These derivative financial instruments are used to conduct trading activities and manage market risks and are, therefore, subject to varying degrees of market and credit risk. Derivative transactions are entered into for trading purposes or to economically hedge other positions or transactions.

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

Futures and forward contracts, to-be-announced (“TBAs”) and when-issued securities provide for the delayed delivery of the underlying instrument. As a writer of options, the Company receives a premium in exchange for giving the counterparty the right to buy or sell the security at a future date at a contracted price. Interest rate swaps involve the exchange of payments based on fixed or floating rates applied to notional amounts. The contractual or notional amounts related to these financial instruments reflect the volume and activity and do not reflect the amounts at risk. In an equity swap, cash flows are exchanged based on a commitment by one party to pay interest in exchange for a market-linked return based on a notional amount. The market-linked return may include, among other things, the total return of a security or index. These agreements involve elements of credit and market risk. Risks include the possibility that no liquid market exists for these obligations, the counterparty may default on its obligation, or unfavorable changes may exist in the security or index underlying the swap. Futures contracts are executed on an exchange, and cash settlement is made on a daily basis for market movements. Accordingly, futures contracts generally do not have credit risk. The credit risk for forward contracts, TBAs, options, swaps, and when-issued securities is limited to the unrealized fair valuation gains recorded in the consolidated statement of financial condition. Market risk is substantially dependent upon the value of the underlying financial instruments and is affected by market forces such as volatility and changes in interest and foreign exchange rates.

At December 31, 2014, the Company had outstanding long and short equity swap agreements with notional amounts \$2,337,806 and \$5,441,992 respectively. The numbers of equity options and futures contracts outstanding as of December 31, 2014 were 37,174 and 86, respectively.

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

The following table summarizes the fair value of derivative instruments in the consolidated statement of financial condition at December 31, 2014:

	Gross Derivative Assets		Gross Derivative Liabilities	
	Location	Fair value	Location	Fair value
Interest rate contracts				
Interest rate futures	Receivable from clearing brokers	\$1,948	Receivable from clearing brokers	\$2,922
Foreign currency exchange contracts				
Currency forward contracts	Receivable from clearing brokers	78,031	Receivable from clearing brokers	37,494
Equity contracts				
Equity swaps	Receivable from clearing brokers	53,856	Receivable from clearing brokers	77,172
Equity index futures	Receivable from clearing brokers	9,278	Receivable from clearing brokers	-
Equity options	Securities owned	<u>4,812,837</u>	Securities sold, not yet purchased	<u>990,728</u>
		<u>\$4,955,950</u>		<u>\$1,108,316</u>

Financial instruments involve elements of market risk that may be in excess of the amounts recognized in the consolidated statement of financial condition. The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers. In the event counterparties do not fulfill their obligations or the collateral value becomes inadequate, the Company may be exposed to credit risk. To reduce its credit risk for derivative transactions, the Company has established controls to monitor the creditworthiness of counterparties, as well as the quality of pledged collateral and uses master netting agreements whenever possible. At December 31, 2014, the Company did not hold any collateral in the form of cash or securities. The Company may be required to pledge collateral to counterparties when deemed necessary and will include cash paid as receivable from counterparties in the consolidated statement of financial condition. At December 31, 2014 the Company pledged \$1,791,230 in cash collateral to counterparties which is included in the receivable from clearing brokers, in the consolidated statement of financial condition, and netted with the fair value of the derivatives.

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

5. Receivable from and Payable to Clearing Brokers

The clearing and depository operations for security transactions are provided substantially by two brokers. For financial reporting purposes, amounts payable to a broker have been offset against amounts receivable from the same broker for securities sold, not yet purchased, and other items. At December 31, 2014, substantially all of the securities owned, securities sold, not yet purchased, and amounts receivable from and payable to brokers reflected in the consolidated statement of financial condition are positions carried by and amounts receivable from or payable to these brokers. Securities owned and amounts due from brokers serve as collateral for the amounts payable to the brokers. Subject to the clearing agreements between the Company and the clearing brokers, the clearing brokers have the right to sell or repledge this collateral. Additionally, investments in securities owned and securities sold, not yet purchased, are subject to margin requirements.

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

6. Subordinated Borrowings

Borrowings subordinated to the claims of general creditors have been approved by FINRA for inclusion in computing FNYS's net capital pursuant to the SEC's Uniform Net Capital Rule.

The amounts, interest rates and maturities of the subordinated borrowings are as follows:

Maturity	Interest Rate	Amount
Secured demand notes:		
August 31, 2015	4.00%	\$ 1,600,000
July 1, 2015	5.00%	1,000,000
		<u>2,600,000</u>
Subordinated notes:		
August 15, 2015	5.00%	1,000,000
November 15, 2015	5.00%	1,000,000
February 28, 2016	Fed Fund+2.75%, min 5%/Max 10%	2,000,000
February 28, 2016	Fed Fund+2.75%, min 5%/Max 10%	1,000,000
June 1, 2016	Fed Fund+2.75%, min 5%/Max 10%	10,000,000
July 1, 2016	Fed Fund+2.75%, min 5%/Max 10%	1,000,000
January 31, 2017	7.00%	10,000,000
		<u>26,000,000</u>
		<u>\$ 28,600,000</u>

Subordinated borrowings may be withdrawn by the lender at stated maturity dates or withdrawal can be accelerated upon six months' notice. Any subordinated borrowing can be repaid only if, after giving effect to such repayment, FNYS continues to comply with minimum net capital requirements and meets SEC's capital regulations governing withdrawal of subordinated debt. The estimated fair value of the subordinated borrowings and the secured demand notes receivable approximate the carrying amount based on current rates available to FNYS for debt with substantially the same terms and maturities.

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

7. Related Party Transactions

The Company is involved in financing and other transactions with the Parent Company and its affiliates.

The Company's payroll and the related expenses are paid by FNY Capital Management LP ("FNYCM") on behalf of the Company. The Company reimburses FNYCM all of such expenses. As of December 31, 2014, payable to affiliated entity of \$199,100 represented the net payable to FNYCM relating to the above transactions.

The Company provides funding to the Parent Company to facilitate the Parent Company's proprietary trading and to the general partner of the Parent Company for its operations. As of December 31, 2014, receivable from Parent Company in the amount of \$39,990,048 represented the amounts due from Parent Company and receivable from affiliated entity of \$270,970 represented the amounts due from the general partner of the Parent Company, as a result of such activities. For the year ended December 31, 2014, the Company also provided the Parent Company with facility, operational, administrative and managerial services.

In addition there is \$24,000,000 of subordinated borrowings with related parties.

8. Employee Compensation and Benefits

Trader compensation is based on a percentage payout of net trading profit net of certain expenses. The corresponding payable relating to trader compensation in the amount of \$13,182,276 is included in accrued expenses and other liabilities in the consolidated statement of financial condition.

The Company maintains a noncontributory 401(k) salary reduction plan covering substantially all employees, subject to certain minimum age and length-of-service requirements. The Company did not make any contribution to the plan during the year.

First New York Securities L.L.C. and Subsidiaries

Notes to the Consolidated Statement of Financial Condition

December 31, 2014

9. Regulatory Requirements

FNYS is subject to the SEC's Uniform Net Capital Rule (SEC Rule 15c3-1). FNYS has elected to compute net capital pursuant to SEC Rule 15c3-1 which requires that FNYS maintain minimum net capital, as defined, of 2% aggregate debit items computed in accordance with Rule 15c3-3, as defined, or \$250,000. At December 31, 2014, FNYS had net capital of \$45,562,212, which exceeded the requirement by \$45,312,212.

FNYS is exempt from the provisions of Rule 15c3-3 (pursuant to paragraph k(2)(ii) of such Rule) under the Securities Exchange Act of 1934 as an introducing broker or dealer that carries no customer accounts, promptly transmits any customer funds and securities to the clearing broker or dealer, and does not otherwise hold funds or securities of customers.

Pursuant to the requirements of Rule 17a-5 of the SEC, the following summarizes the financial condition of the subsidiaries consolidated in the accompanying consolidated financial statements, but not consolidated in the FNYS's corresponding unaudited Form X-17A-5 Part IIA report filed with the SEC:

Assets	\$ 194,033,371
Liabilities	155,629,952
Members' equity	<u>\$ 38,403,419</u>

First New York Securities L.L.C. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2014

10. Commitments and Contingencies

The Company is obligated under various noncancelable operating leases for office space expiring on various dates through 2025. The leases contain escalation provisions based on certain costs incurred by the lessor.

The future aggregate minimum rental commitments under the aforementioned leases are as follows:

	Operating Leases
Year Ending December 31:	
2015	\$ 3,171,296
2016	2,539,792
2017	2,518,208
2018	2,518,208
2019	2,518,208
Thereafter	14,554,643
	<u>\$ 27,820,355</u>

In connection with a security deposit for lease of office space, the Company has one outstanding standby letter of credit agreement of \$1,259,104 payable to its landlord.

In the normal course of business, FNYS has been the subject of SEC inquiries and FINRA reviews and has been named as a defendant in certain litigation and arbitrations arising out of its activities as a broker-dealer in securities, the outcome of which cannot be determined at this time. It is the opinion of management that the various SEC inquiries, FINRA reviews, litigation and arbitrations will not have a material adverse effect on the Company's financial position.

11. Subsequent Events

Subsequent to December 31, 2014, there are pending capital withdrawals and contributions of \$5,630,804 and \$31,862, respectively, which are not reflected in the consolidated statement of financial condition.